
A BILL FOR AN ACT

RELATING TO TOURISM STIMULUS INCENTIVES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii's travel and
2 tourism industry must continue to refresh its product offering
3 to support and attract new and repeat tourists, compete with
4 other global destinations, and continue to distinguish Hawaii as
5 a unique travel and tourist destination. Hawaii cannot continue
6 to rely on aging hotel and resort infrastructure to entice
7 tourists to visit the State. Hawaii is at risk of losing its
8 competitive edge in the tourism industry to emerging tourist
9 destinations that are competing for Hawaii's travel and tourism
10 business. Traditional financing has failed to generate new
11 construction and renovation work and jobs are scarce.

12 The purpose of this Act is to provide the following tourism
13 stimulus incentives:

14 (1) An income tax credit for employers that hire certain
15 individuals at new or renovated hotel and resort
16 facilities for seven years after substantial
17 completion of construction and renovation; and



1 (2) A general excise tax exemption for hotel and resort
2 construction and renovation projects.

3 SECTION 2. Chapter 235, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 "§235- Employer tax credit for hiring certain
7 individuals at new or renovated hotel or resort facilities. (a)

8 Each qualified employer shall be allowed a tax credit of
9 per cent of wages paid to each qualified employee during the
10 taxable year.

11 (b) If the tax credit under this section exceeds the
12 taxpayer's income tax liability, the excess of the tax credit
13 over liability may be used as a credit against the taxpayer's
14 income tax liability in subsequent years until exhausted. All
15 claims for a tax credit under this section, including amended
16 claims, shall be filed with the department of taxation on or
17 before the end of the twelfth month following the close of the
18 taxable year for which the credit may be claimed. Failure to
19 claim the credit in compliance with this section shall
20 constitute a waiver of the right to claim the credit.

21 (c) The tax credit allowed under this section shall be
22 available for the seven taxable years following the end of the



1 taxable year in which the certified facility was substantially
2 completed pursuant to section 237- (f).

3 (d) The director of taxation shall prepare forms as may be
4 necessary to claim a credit under this section. The director
5 may also require the taxpayer to furnish additional information
6 to ascertain the validity of the claim for credit under this
7 section and may adopt rules necessary to effectuate the purposes
8 of this section pursuant to chapter 91.

9 (e) As used in this section:

10 "Certified facility" means a hotel facility or resort
11 facility that has been pre-certified by the department of
12 business, economic development, and tourism under section 237-
13 (b).

14 "Qualified employee" means an individual, with respect to
15 the taxable year for which the credit under this section is
16 claimed, who:

17 (1) Was employed at any time during the taxable year by a
18 qualified employer at a certified facility;

19 (2) Certified by signed affidavit or declaration that the
20 individual was not employed for at least forty hours
21 by the qualified employer at the certified facility
22 during the ninety-day period immediately prior to the



1 date the individual began employment at the certified
2 facility; and

3 (3) Was not employed by the qualified employer to replace
4 another employee of the qualified employer at the
5 certified facility unless the other employee was
6 separated from employment voluntarily or for cause.

7 "Qualified employer" means an employer, with respect to the
8 taxable year for which the tax credit under this section is
9 claimed, that owned or operated a certified facility.

10 "Wages" means the hourly wage or salary of the qualified
11 employee."

12 SECTION 3. Chapter 237, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 and to read as follows:

15 **§237- Exemption for hotel and resort construction and**
16 **renovation.** (a) This chapter shall not apply to amounts
17 received from the construction or renovation of a hotel facility
18 or a resort facility upon pre-certification by the department of
19 business, economic development, and tourism under subsection
20 (b).

21 (b) The department of business, economic development, and
22 tourism shall pre-certify the construction or renovation of a



1 hotel facility or a resort facility if the application or
2 amended application:

3 (1) Is submitted by the owner, developer, or general
4 contractor of the hotel facility or resort facility at
5 any time before or during construction or renovation
6 of the hotel facility or resort facility;

7 (2) Describes in sufficient detail, the construction or
8 renovation of the hotel facility or resort facility;

9 (3) Estimates the costs of construction or renovation and
10 tax exemptions and credits to be claimed under this
11 section and section 235- ; and

12 (4) Includes all other information required by the
13 department of business, economic development, and
14 tourism.

15 The department of business, economic development, and
16 tourism shall adopt procedures, rules, and forms for the pre-
17 certification of the construction or renovation of a hotel
18 facility or resort facility similar to those adopted pursuant to
19 sections 201H-36 and 237-29, to the extent applicable. The
20 department may establish, charge, and collect a reasonable
21 service fee, as necessary, in connection with the pre-
22 certification.



1 (c) The department of business, economic development, and
2 tourism shall prepare any forms necessary for pre-certification
3 to claim a tax exemption under this section. The department of
4 business, economic development, and tourism may also require the
5 taxpayer to furnish reasonable information to ascertain the
6 validity of the exemption claimed under this section. The
7 department of business, economic development, and tourism shall
8 adopt rules necessary to effectuate the purpose of this section,
9 similar to the rules adopted pursuant to section 201H-36 and
10 237-29 to the extent applicable, in accordance with chapter 91.
11 The department of business, economic development, and tourism
12 may establish, charge, and collect a reasonable service fee as
13 necessary in connection with pre-certification.

14 (d) The taxpayer shall claim and report the exemption on
15 the annual or periodic tax returns required under this chapter
16 for the taxable year or period in which the taxpayer earned the
17 gross income claimed exempt from taxation under this section.

18 (e) The department of business, economic development, and
19 tourism shall maintain records of the:

20 (1) Names of the taxpayers;

21 (2) Amount of the exemption claimed; and



1 (3) Construction or renovation of a hotel facility or
2 resort facility.

3 The department of business, economic development, and tourism
4 shall prepare an annual report of the records that shall be made
5 public.

6 (f) As used in this section:

7 "Construction or renovation of a hotel facility or a resort
8 facility" means the planning, design, construction, furniture
9 and fixtures that are not part of routine maintenance,
10 materials, and equipment related to new construction,
11 alterations, remediation, or modifications of a hotel facility
12 or a resort facility in the State that is substantially
13 completed by June 30, 2021; provided that:

14 (1) The construction or renovation costs exceed
15 \$50,000,000 by June 30, 2021; and

16 (2) The general contractor and any subcontractors of the
17 construction or renovation are signatory parties to
18 collective bargaining agreements with the appropriate
19 construction trade unions covering construction work
20 in the State.

21 Construction or renovation costs shall not include costs
22 incurred as the result of planned or routine maintenance or



1 refurbishments that would ordinarily take place throughout the
2 normal course of business.

3 "Department" means the department of business, economic
4 development, and tourism.

5 "Hotel facility" means a hotel or hotel-condominium as
6 defined in section 486K-1 and includes a time share facility or
7 project.

8 "Resort facility" means a full-service lodging facility
9 that provides access to or offers a range of amenities and
10 recreation facilities to emphasize a leisurely experience and
11 includes commercial, retail, and attraction facilities located
12 within the areas surrounding or related to the lodging facility
13 within the same county in the State.

14 "Substantially completed" means the state of condition at
15 which the hotel facility or resort facility, or a portion
16 thereof, is sufficiently complete, in accordance with the
17 contract documents, so that the hotel facility or the resort
18 facility, or a portion thereof, may be occupied or used for its
19 intended purpose, without regard to the completion of
20 furnishings, fixtures, and interior finishes."

21 SECTION 4. Section 238-3, Hawaii Revised Statutes, is
22 amended by amending subsection (j) to read as follows:



1 "(j) The tax imposed by this chapter shall not apply to
2 any use of property, services, or contracting exempted by
3 ~~[section]~~ sections 237-26 ~~[or section]~~, 237-29[-], or 237- ."

4 SECTION 5. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 6. This Act shall take effect on July 1, 2030;
7 provided that:

8 (1) Section 2 of this Act shall apply to taxable years
9 beginning after December 31, 2014; and

10 (2) Sections 3 and 4 of this Act shall apply to taxable
11 periods beginning after June 30, 2014.



Report Title:

Tourism Stimulus Incentives; Employer Income Tax Credit; Hotel and Resort Construction and Renovation; GET Exemption; Use Tax Exemption

Description:

Provides qualified employers a non-refundable income tax credit of a percentage of wages paid to qualified employees for a period after completion of hotel and resort construction or renovation. Provides a general excise tax and a use tax exemption for certain hotel and resort construction or renovation. Effective July 1, 2030. (HB2169 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

